



State of New Jersey
Department of Human Services
Division of Medical Assistance and Health Services

MEDICAID ALERT

May 1996

TO: Medical Suppliers

SUBJECT: Elimination of the "XE" Modifier for Certain Medical Supply Services and "22" Modifier on Claim Adjustments

EFFECTIVE: Claims with Service Dates on or after May 1, 1996

BACKGROUND: Currently, the "XE" modifier may be reported on medical supply claims for certain Durable Medical Equipment (DME) services provided in nursing facilities and Intermediate Care Facilities/Mental Retardation (ICF/MR). Specifically, the modifier is used to bypass the requirement to bill Medicare in those situations in which a service commonly covered by Medicare would be denied Medicare payment due to the place of service. The "22" modifier may be reported on the "Claim Adjustment Request Form" (FD-999) by medical suppliers to request enhanced reimbursement of a previously paid Medicaid claim for supplies or equipment which had been assigned a maximum fee allowance by the New Jersey Medicaid program. In this situation, a supplier may request reconsideration of a previously paid claim on pricing documentation attached to the Claim Adjustment Request Form.

Based on the readoption of the Medical Supplier Services Manual (N.J.A.C. 10:59 et al) published at Cite 28 N.J.R. 1027(a), on February 5, 1996, the Division is changing its current billing procedure related to the "XE" modifier. Effective on or after May 1, 1996, Medicaid is discontinuing the use of the "22" modifier on adjustment requests for those medical supply services assigned unique maximum fee allowances.

ACTION: For claims with service dates on or after May 1, 1996, the New Jersey Medicaid program shall implement the changes in billing procedures described below:

- (1) The use of the "XE" modifier is discontinued.
- (2) In those situations in which the "place of service" related to a dually eligible beneficiary precludes coverage by the Medicare program, the "place of service" reported on medical supply claims shall be used by the New Jersey Medicaid program

to determine whether a bypass of Medicare coverage is appropriate. Such exemptions shall be allowed for medical supply claims with "place of service" codes of "31," reflecting services provided in skilled nursing facilities; "32," reflecting services provided in nursing facilities; and "54", reflecting services provided in ICF/MR facilities. These exemptions shall apply only to claims for DME provided in these settings. Similar exemptions shall not apply to claims for medical supplies provided in similar settings.

It is important to note that the DMAHS shall periodically audit these claims to determine the appropriate use of these "place of service" codes. Any claim identified by the audit which improperly uses the "place of service" code for the purpose of inappropriately bypassing Medicare coverage will be recaptured by the New Jersey Medicaid program, and appropriate penalties will be assessed.

(3) Use of the "22" modifier by medical suppliers on the "Claim Adjustment Request Form" (FD-999) is discontinued. Medicaid reimbursement shall not exceed the maximum fee allowance assigned to a medical supply service by the New Jersey Medicaid program, as defined in N.J.A.C. 10:59-2.

If you have any questions regarding this Medicaid Alert, please do not hesitate to contact the Chief, Pharmaceutical Services, at (609) 588-2721.

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